

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

AMY BARTOLETTI, CHIA SIU,  
NADINE MENTOR, LISA CONLEY and  
BRITTANY SHARPTON,

Plaintiffs,

v.

CITIGROUP INC. and CITIGROUP  
GLOBAL MARKETS, INC.,

Defendants.

No. 1:10-cv-7820 (LGS)

**DECLARATION OF  
FRANCIS Y. CHIN**

I, Francis Y. Chin, declare as follows:

1. I am fully familiar with the facts set forth herein and make this Declaration based on my personal knowledge and in support of the Motion for Summary Judgment of Defendants Citigroup, Inc. (“Citigroup”) and Citigroup Global Markets, Inc. (“CGMI” or the “Company”) (collectively “Defendants”).

**Background & Management Experience with the Public Finance Department**

2. I received a Bachelor’s degree in civil engineering from Cooper Union in 1971. I received a Masters degree in civil engineering from the Massachusetts Institute of Technology in 1973. I received an MBA from Harvard Business School in 1978. I began working for Citigroup (through Smith Barney, Harris & Upham & Co.) in 1978, and have remained an employee of a Citigroup entity, including predecessors and affiliates, for the past 35 years. I am currently a Managing Director.

3. Since 1993, I have been the head of CGMI’s Public Finance Department (“PFD”). In early 2008, David Brownstein joined me as Co-Head. Under my leadership, as of 2008,

Citigroup was the number one ranked firm in public finance for approximately 15 of the prior 16 years (based on negotiated long term municipal issuance). Further, from at least 1997 through 2005, Citigroup was the top underwriter of negotiated and competitive long term municipal issuance. Since 2005, our ranking has never dropped below third.

**Citigroup Global Markets Inc. and the Public Finance Department**

4. The PFD is one of several departments within CGMI's Municipal Securities Division. At the end of 2007, the PFD was comprised of fifteen Product and Regional Groups: Airports, Credit & Financial Products, Financial Structuring, Healthcare, Housing, Infrastructure, Public Power, PR Transfer (which was also considered at times to be part of the Northeast Region and now no longer exists), Short Term, Midwest (or Central) Region, Mid-Atlantic Region, Northeast, Southeast, Southwest, and West. These groups generate and execute business on their own or in collaboration with other groups. Where appropriate, Product Group bankers will team with the Regional Group bankers who are familiar with the regional market. For instance, to work on funding for a hospital in Orlando, Florida, product-specialist bankers from the Healthcare Group may team with regional bankers from the Southeast Group. Nevertheless, because each Group is focused on a particular sector's need and the financing products available in that sector, and because each banker is developing a focused set of relationships and contacts within that sector, moving from one group to another, (e.g., from Healthcare to Public Power), virtually never occurs.

5. Within these PFD Groups, employees can hold positions in a career progression that includes, in order of increasing seniority and responsibility, from Analyst to Associate to Assistant Vice President to Vice President to Director to Managing Director. Technical skill, work commitment, and capacity for teamwork are key desirable attributes of individuals holding positions at the lower end of the spectrum, as their main role is to assist their more senior

colleagues in the generation or execution of business. The PFD Groups look to individuals at the upper end of the spectrum, particularly Directors and Managing Directors, for leadership, capacity to generate business, and developing and maintaining strong relationships with our clients.

6. The Product Groups Heads report directly to me and Mr. Brownstein since he became Co-Head. The Regional Group Heads report to the Head of Regional Operations, Bartley Livolsi, who, in turn, reports to me and Mr. Brownstein. The Group Heads are wholly responsible for running the business of their Group, including making personnel decisions for their own Group, within the overall context of PFD and Municipal Securities Division requirements.

**The Financial Crisis of 2007-08 and Resulting Reductions In Force**

7. The global financial crisis, brewing for a while, really started to show its effects in the middle of 2007 and into 2008. Around the world stock markets had fallen, large financial institutions began to weaken, and many governments were required to take steps to insure the stability of their financial systems.

8. During this period of crisis, some of our competitors in the marketplace completely closed down their municipal bond departments. For instance, UBS, which was in the top five among senior underwriters of municipal bonds, shut its municipal bond business and laid-off hundreds in June 2008 after suffering crippling losses on mortgages and other debt.

9. Throughout 2007 and 2008, in the face of the severe, unprecedented and sustained financial crisis, Citigroup underwent a significant restructuring. In connection with the restructuring, businesses across Citigroup, including the Groups in PFD, were required to help the Company achieve savings through headcount reductions.

10. In late 2007, the Head of CGMI's Municipal Securities Division informed me of the need for the PFD to undergo a reduction in force. This RIF resulted in the termination of 22 members of the PFD (within the career progression from Analyst to Managing Director). In March 2008, the Head of the Municipal Securities Division informed me of the need for another RIF, which resulted in just 4 terminations in PFD in the same career progression. In approximately June 2008, I was informed of the need for a third RIF, which resulted in the layoff of another 15 PFD employees in the same career progression.

**The Precipitous Economic Downturn in the Second Half of 2008**

11. The credit crisis hit dramatically in September 2008. In early October 2008, Citigroup's announced intention to purchase Wachovia failed, which caused Citigroup's stock price to drop nearly 20%. By November 2008, Citigroup's investment banking business had dramatically slowed as credit evaporated. As a result, Citigroup's leadership came under increasing pressure.

12. As reported in the Wall Street Journal, Citigroup had net losses of more than \$20 billion over the prior year. Citigroup had trimmed its payroll by 23,000 workers, and had announced plans to divest more than \$400 billion in assets over the next years. Yet, as the severe, unprecedented downturn in the market continued, in November 2008, Citigroup announced that it would cut more than 50,000 jobs in order to reduce costs and weather the credit crisis plaguing Wall Street. The layoffs touched on all divisions of Citigroup, including both those domestically and internationally.

13. In approximately late October of 2008, the Head of the Municipal Securities Division informed me that the PFD would need to conduct a fourth RIF. The two main criteria for the RIF were substantial compensation cuts, as well as substantial head count reduction. I was given a cost savings target for the PFD of around \$20 million to be achieved through layoffs, with a

formula that used a 1.25 coefficient against 2008 salary and a 0.667 coefficient against 2007 bonus.

14. As I had done for the previous reductions, I instructed the Group Heads that another reduction was necessary, and suggested they consider a variety of factors, including the reduction's overall effect on the existing and future business, when selecting employees for termination. Often, the Group Heads expressed their resistance to letting anyone from their Group go. This resistance was especially pronounced in the November 2008 RIF, as most Group Heads had been forced to let members of their Group go in earlier rounds and did not want to lose any additional employees. Given the crisis, however, we were required to undertake a further RIF. My instructions were that the Group Heads could not demote individuals or otherwise reduce employee salaries – the Group Heads were instructed to cut compensation through head count reductions. I explained to the Group Heads that it was important to consider compensation and the impact of what was happening in the marketplace on future business prospects, and in particular their revenue generating abilities.

15. The November 2008 layoff decisions were again made in each Group by the respective Group Heads, who were not permitted to compare people in their Group with those in other Groups. With the exception of the Housing Group (described below), neither Mr. Brownstein nor I made a single termination decision – those decisions were left to the Group Heads. Further, neither myself nor Mr. Brownstein changed any of the RIF selections that were made by the Group Heads: individuals were selected by the Group Heads and those individuals were, in fact, included in the RIF. In all, 29 PFD employees were terminated in the November 2008 RIF (within the career progression from Analyst to Managing Director).

**Housing Group RIF Decisions**

16. Citigroup terminated the Head of the Housing Group, Nick Fluehr, in July 2008. I asked Mr. Brownstein to oversee the Housing Group as it was left without a Head and without any Managing Directors. The two remaining Directors in the Group were Amy Bartoletti and Mike Koessel. Although neither had significant management experience, and I did not believe either was qualified to lead the Group, Mr. Brownstein and I initially suggested that Ms. Bartoletti assume responsibility as Group Head. This was primarily because she had been employed with the Company longer than Mr. Koessel. Ms. Bartoletti, however, did not immediately agree to become Group Head. In the end, I left the process to Mr. Brownstein (who was primarily responsible for overseeing the Group) and, after speaking further with Ms. Bartoletti and Mr. Koessel, Mr. Brownstein decided to appoint them Co-Heads.

17. Even after appointing Co-Heads, because neither Ms. Bartoletti nor Mr. Koessel had significant prior managerial experience, Mr. Brownstein continued to retain some of functions of Group Head, including selection of employees for the fourth-round RIF.

18. After July 2008, the housing market underwent a precipitous downturn. It was under siege and was seen by many as the root cause of the financial crisis. The single family mortgage business is a structured finance business built around arbitrage between taxable and tax exempt levels, and given the collapse of the mortgage business, it seemed the ability to originate new mortgages going forward was very suspect. In addition, by November 2008, the student loan business that Ms. Bartoletti did was effectively non-existent because problems in the credit markets had essentially eliminated the viability of auction rate securities, which were the primary funding vehicles for those clients. Management considered disbanding the Housing Group in its entirety. Ultimately, it decided not to fully exit the market, but instead to retain a skeletal staff to

guide clients through the crisis. At the Director level, the choice was between Ms. Bartoletti and Mr. Koessel.

19. Mr. Brownstein believed Mr. Koessel was the better thought leader to help the Company maintain relevance in the Housing space and believed Mr. Koessel was better positioned than Ms. Bartoletti to help clients through the crisis. In addition, given Ms. Bartoletti's comparatively higher compensation, he determined that it was more cost effective to have Mr. Koessel cover the business while management tried to ascertain whether the group had any future. I agreed with Mr. Brownstein's recommendation, and we selected Ms. Bartoletti to be let go in the fourth RIF.

20. Mr. Brownstein also selected Chia Siu from the Housing Group for inclusion in the November 2008 RIF, and I accepted his recommendation.

21. Below is a chart summarizing layoffs in the PFD through the four reductions in force over the period from December 2007 through November 2008.

<b>GROUP</b>	<b>RIF 1</b>	<b>RIF 2</b>	<b>RIF 3</b>	<b>RIF 4</b>
Airports	2	0	1	0
Credit & Fin Products	4	1	3	3
Financial Structuring	0	0	2	0
Health Care	2	0	4	4
Housing	2	1	2	4
Infrastructure	3	0	0	5
Power	0	0	1	2
PR Transfer	1	0	0	0
Short Term Group	0	0	0	0
Midwest Region	0	0	1	1
Mid-Atlantic Region	1	0	0	2
Northeast	0	0	0	3
South East	2	1	0	2
South West	1	1	0	2
West	4	0	1	1

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on: June 6, 2013

  
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Francis Y. Chin